
Report to: Green Economy Panel

Date: 29 January 2019

Subject: **Circular Yorkshire**

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1. Purpose of this report

- 1.1. To provide the Green Economy Panel with a summary of York, North Yorkshire and East Riding (YNYER) Local Enterprise Partnership's (LEP) Circular Yorkshire programme.
- 1.2. Katie Thomas, Low Carbon and Circular Economy Lead for YNYER LEP, will present a summary of the Circular Yorkshire Programme to the Panel.
- 1.3. To gain feedback from the Green Economy Panel on future opportunities for collaboration between Leeds City Region and YNYER LEP areas in moving towards Circular Yorkshire and a circular economy across both geographies.

2. Information

Background to the Circular Economy

- 2.1. The following information has been written and relates to the work being undertaken by YNYER LEP.
- 2.2. Looking beyond the current take-make-dispose extractive industrial model, a circular economy aims to redefine growth, focusing on positive society-wide benefits. It entails gradually decoupling economic activity from the consumption of finite resources, and designing waste out of the system. Underpinned by a transition to renewable energy sources, the circular model builds economic, natural, and social capital.
- 2.3. The UK's National Industrial Strategy includes a commitment to moving towards a regenerative circular economy, as part of the Clean Growth Grand Challenge. The circular economy concept is recognised as a key lever to boost productivity, increase resource efficiency and restore natural capital.

- 2.4. The concept of 'circular cities' is now well advanced, with cities such as London, Peterborough, Amsterdam and New York leading city-scale circular economy initiatives. However, rural areas have been somewhat neglected in the global agenda to transition towards the circular economy. This is surprising considering the resource intensive industries active in rural areas. Whilst cities may be aggregators of materials, resources and innovation, rural areas are the providers of food, energy, water and products to power cities. Taking a more regional approach, provides the opportunity to explore the interdependencies between rural and urban areas and develop interventions that truly create circular systems.

LEP Review

- 2.5. As outlined in item 11, a new LEP covering the whole of West and North Yorkshire is proposed to be established by 2020. Both LEPs are already collaborating on a range of opportunities linked to energy. We also believe that there may be opportunities to widen this scope and work together towards a circular economy across both geographies. This paper begins to explore these opportunities and outlines the local work that both LEPs are undertaking and their next steps.

Local Context - York, North Yorkshire and East Riding – Circular Yorkshire

- 2.6. In York, North Yorkshire and East Riding the working mission is to:

Create a systemic shift towards a competitive economy that rebuilds capital – providing business opportunities and society-wide benefits within natural limits.

- 2.7. York, North Yorkshire and East Riding LEP have prioritised the circular economy as it builds on a number of local strengths:
- **Bioeconomy:** the agenda builds upon the LEP's existing work and regional strengths in the bioeconomy.
 - **Food & Agriculture:** the over-representation of farming and food businesses in the area means that there is a unique opportunity to optimise resource and asset use across the whole supply chain, providing financial and environmental gains.
 - **Resource intensives:** York and North Yorkshire is home to a number of water, energy and material intensive businesses and assets. With economic strengths in manufacturing and agriculture.
 - **Natural Capital:** with two National Parks in the area and an abundance of agricultural land, there is substantial to create restorative and regenerative circular systems.
 - **Innovation assets:** extensive fundamental and applied research capabilities to address and solve the challenges in moving to a circular economy.
- 2.8. Applying circular economy principles at scale across the area is expected to contribute to a wide range of benefits, including:

- Increased resource productivity
- Reduced costs and increased competitiveness for resource intensive businesses
- Additional opportunities to generate commercial revenue streams
- Reduced finite resource consumption
- Reduced CO₂ emissions
- Increased export opportunities of circular knowledge and technologies
- Increased inward investment

Capital Approach to Circular Economy

2.9. The YNYER LEP have used a 'Capitals' approach to provide a framework by which we can understand the systemic shift needed to move towards a circular economy. This provides a comprehensive lens to conceptualise the inter-dependencies between economic, human and natural systems. See appendix 1 for an overview of these.

Summary of work to date

2.10. Katie Thomas will present Circular Yorkshire to the Panel. Work to date includes:

- **Sector analysis:** to understand the strategic opportunities of moving towards a circular economy, a semi-quantitative approach was used to compare the circularity potential and economic importance of sectors.
- **Material flow mapping:** using available waste data and relevant stakeholder insights a series of material flow maps were developed for specific sectors, identifying potential circular opportunities.
- **Stakeholder engagement:** substantial stakeholder engagement has been undertaken on a 1-to-1 basis and a collaborative workshop with over 80 delegates to better understand the local opportunities, challenges and system change necessary to move towards a circular economy. Please see Appendix 2 for key themes identified.
- **Alignment with Local Energy Strategy:** the circular economy has been included as a key underpinning principle within the YNYER Local Energy Strategy to support the decarbonisation of the economy.
- **Extension of the Resource Efficiency Fund:** an outline application was submitted by West Yorkshire Combined Authority, on behalf of the YNYER LEP, to extend the enhanced Resource Efficiency Fund (REF2) into the four areas in North Yorkshire not currently covered by the programme: Ryedale, Richmondshire, Hambleton and Scarborough.

Next Steps

Action	Timescale
Develop a circular economy framework and strategy for York & North Yorkshire	November 2018 – April 2019
Establish an internal working group to embed CE principles across teams and build organisational capacity	December 2018 – Feb 2019
Establish and develop a small working group of board members and key influencers to guide the initiative	December 2018 onwards
'Jam' stakeholder event to collaboratively create an Action Plan	April 2019
Development and launch of CE Action Plan for York and North Yorkshire	January – July 2019

Local Context – Leeds City Region

- 2.11. To date the Leeds City Region has focussed on its ambition to deliver a zero carbon economy by 2036 through clean energy generation and environmental resilience. This was set out in the Strategic Economic Plan in 2016. A range of strategies and programmes have been developed to help meet the zero carbon energy ambition. These include:
- Energy Strategy and Delivery Plan
 - Green and Blue Infrastructure Strategy and Delivery Plan
 - Four flagship programmes – including the Energy Accelerator and the Resource Efficiency Fund.

All of the programmes encompass elements of a circular economy, however to date the explicit linkages have not been fully realised nor articulated.

Circular Economy Pilot

- 2.12. The concept of a Circular Economy is being advocated by the Government in its Industrial Strategy, Clean Growth Strategy and Resources and Waste Strategy. To help the City Region understand its role and opportunities that a CE could hold, a CE Pilot has been developed. This aims to understand the opportunities and support required to adopt CE principles and practices initially across SMEs, but potentially across the wider economy.

REF2

- 2.13. As outlined to Panel on 20 February 2018, there is a need for the current Resource Efficiency Fund (REF) to begin to support the development of

circular businesses¹ and businesses wanting to move to a circular business model.

- 2.14. To understand what support is needed a pilot package of support is included in a new proposed REF. A European Regional Development Funding (ERDF) Outline application to continue delivery of the REF, post November 2019, across the Leeds City Region has been made. The application includes enhancements to the existing programme and new Circular Economy (CE) support for SMEs.
- 2.15. This includes a small pilot programme providing consultancy advice to around 30 to 40 SMEs to develop and grow circular economy business models.

Clean Growth Audit

- 2.16. As outlined in item 6, a clean growth audit is being commissioned to support the identification of the current clean growth sector and potential opportunities to grow this sector through the Local Inclusive Industrial Strategy. To support exploring CE opportunities, this study will also identify resource intensives industries and any potential cluster opportunities. This is a joint commission between the Combined Authority and YNYER LEP. This will help provide a robust evidence base for adopting CE principles and opportunities within the LIIS and wider policy framework for the Leeds City Region. Such findings will be reviewed and recommendations made on how to embed CE principles across the City Region. This will also include establishing robust targets and success measures.

Next Steps

- 2.18 The learning from this pilot and clean growth audit will allow the Combined Authority to then potentially develop policies and programmes of CE support and consider further work in line with Circular Yorkshire.

Action	Timescale
Subject to securing ERDF funding, commence the CE pilot as part of REFII programme.	November 2019 - 2022
Complete the clean growth audit and explore CE opportunities identified.	Jan – Aug 2019

¹ A 'circular business' is a business that operates within the circular economy. Accenture defines 5 types of circular business model: circular supplies (providing renewable, recyclable or biodegradable resource supplies), resources recovery (eliminating waste leakage), product life extension (e.g. repairing, upgrading, remanufacturing or remarketing products), sharing platforms (promoting collaboration) and product as a service (an alternative to "buy and own" where products are pay-for-use or leased).
<https://www.accenture.com/gb-en/insight-circular-advantage-innovative-business-models-value-growth>

Action	Timescale
Both LEPs to assign an officer to be part of the work outlined above, and to ensure complementary and coordinated action in the build up to the LEP mergers.	Jan 2019 – March 2020

2. Financial implications

- 3.1 There are no implications associated with this paper

Legal implications

- 4.1. No legal and compliance implications have been identified.

5. Staffing implications

- 5.1. There are no implications associated with this paper.

6. External consultees

- 6.1. None.

7. Recommendations

- 7.1. To discuss and provide feedback on the Circular Yorkshire work carried out by YNYER LEP and identify opportunities to explore in Leeds City Region.

8. Background documents

- 8.1. None.

9. Appendices

Appendix 1 – Capitals approach

Appendix 2 – Key themes from stakeholder engagement

